

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	
Federal-State Joint Board on)	
Universal Service Seeks Comment)	
On Review of the Definition of)	
Universal Service)	FCC 01-J-1

REPLY COMMENTS OF GVNW CONSULTING, INC.

GVNW Consulting, Inc. (GVNW) respectfully submits these reply comments in response to the Federal-State Joint Board on Universal Service's (Joint Board) Public Notice released August 21, 2001. In this Public Notice, the Joint Board seeks comment on its review of the definition of universal service.

GVNW is a management-consulting firm, which provides a wide variety of consulting services to independent telephone companies. These independent local exchange carriers provide universal service to rural subscribers, and are accordingly an interested party in any redefinition of universal service. We appreciate the opportunity the Joint Board has provided via the Public Notice to offer reply comments on these important issues impacting subscribers in rural America.

THERE IS SUPPORT FROM PARTIES FOR ADDING EQUAL ACCESS TO THE DEFINITION OF UNIVERSAL SERVICE

In our initial comments, GVNW stated: “With the possible exception of equal access to interexchange services, we do not find any new service **offerings** that meet each of the four criteria from Section 254 ...”.

In their initial comments, OPASTCO (pages 3-5) explained that equal access to interexchange services meets all four of the section 254 (c)(1) criteria. Other commenters agreed that equal access should be added to the list of supported services. In its comments, the National Telephone Cooperative Association (NTCA at pages 2-4) explained how equal access meets all of the section 254(c)(1) criteria.

NTCA also explains at page 5 of their comments that adding equal access to the list of supported services is not contrary to section 332(c)(8) of the Act. This is the section that prohibits any requirement that commercial mobile service (CMRS) providers offer equal access. NTCA explains that a condition of universal service support in no way “requires” a CMRS provider to offer, in this case, equal access.

The FCC itself offers support for the concept of equal access in statements in the recent Access Charge Reform Order for rate-of-return carriers. In this order, the Commission states in paragraph 182 that it seeks “to ensure that rural Americans receive the benefits of competition and choices in the interexchange services market . . .”. It will be difficult to achieve this goal without equal access affording rural customers a real choice among toll providers.

The Montana Universal Service Task Force (MUST) filed another equal access argument in the comments. The MUST group raises the issue of whether wireless

carriers receive an unfair advantage in the service areas of rural telephone companies as a result of equal access not being included in the universal service definition.

In their comments at page 8, MUST states:

Of equal importance is the fact that there is a cost to providing equal access. Wireline carriers are required to provide equal access and the associated costs are included in the determination of their universal service support levels. Since wireless carriers are not required to make the expenditures necessary to provide equal access but nonetheless receive support based on the incumbent wireline carrier's costs (including the costs of providing equal access), this portion of the support appears to be a windfall to the wireless carriers and is therefore an unfair competitive advantage.

At a minimum, issues such as these bring into question whether the Commission's current portability rules are competitively neutral.

CONCLUSION

It has been five years since the Commission designated various "core" services as eligible for federal universal service support: single-party service, voice grade access to the public switched network; Dual Tone Multifrequency signaling or its functional equivalent; access to emergency services; access to operator services; access to interexchange service; access to directory assistance; and toll limitation services for qualifying low-income consumers.

Section 254 (c) (1) states in part that "Universal service is an evolving level of telecommunications services that the Commission shall establish periodically under this section, taking into account advances in telecommunications and information

technologies and services.” The evidence in the record appears to now support the inclusion of equal access in the definition.

Any expansion of the list of services, as well as expansion of those eligible to draw from such support funds, will have an impact on the level of total funding required. Policy makers need to keep a sharp focus on the primary objective of our national universal service programs – providing access at reasonable and comparable rates. Care must be exercised so as not to harm the viability of this set of funding mechanisms that has enabled substantial progress towards the policy mandates of Section 254 to be realized, at least at present, in rural America. We applaud the Joint Board for seeking comments as it reexamines the definition of services that will be supported by federal universal service mechanisms.

Respectfully submitted,

electronically filed –

Jeffrey H. Smith
Consulting Manager
GVNW Consulting, Inc.
8050 SW Warm Springs Street, Suite 200
Tualatin, Oregon 97062
jsmith@gvnw.com